

USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - Public distribution

Date: 5/30/2008

GAIN Report Number: MX8038

Mexico

Agricultural Situation

Mexico Publishes Tariff Modifications on Basic Commodities

2008

Approved by:

Suzanne E. Heinen U.S. Embassy

Prepared by:

Gabriel Hernandez

Report Highlights:

On May 27, 2008 the Secretariat of Economy (SE) published in the *Diario Oficial* (Federal Register) an announcement modifying the Tariff of the General Import and Export Tax Law. As part of the plan to support the incomes of Mexican households (see MX8037) the administration of President Calderon has lowered the tariff rates of specific dairy products and exempts the main basic grains from paying high import tariff rates.

Includes PSD Changes: No Includes Trade Matrix: No Annual Report Mexico City [MX1] [MX] **Introduction:** This report summarizes an announcement that modifies the General Import and Export Tax Law from the Secretariat of Economy published in Mexico's "Diario Oficial" (Federal Register) on May 27, 2008.

Disclaimer: This summary is based on a *cursory* review of the subject announcement and therefore should not, under any circumstances, be viewed as a definitive reading of the regulation in question, or of its implications for U.S. agricultural export trade interests. In the event of a discrepancy or discrepancies between this summary and the complete regulation or announcement as published in Spanish, the latter shall prevail.

Title: Decree that modifies the General Import and Export Tax Law.

FAS/Mexico's Executive Summary: The Secretariat of Economy (SE) published on May 27, 2008 in the *Diario Oficial* (Federal Register) an announcement modifying the Tariff of the General Import and Export Tax Law, first published on June 18, 2007.

The modification is an effort by the Government of Mexico (GOM) to help Mexico cope with the negative impact of increasing domestic food prices as well as the increasing international prices of strategic inputs in the food sector. The measure is intended to provide the domestic food industry access to the best available opportunities in international markets with the primary goal of reducing input costs, and, therefore, lowering prices for the final consumer through the reduction of import tariff rates for specific commodities.

Article 1, establishes the following modifications:

H.T.S	DESCRIPTION	UNIT	TAX	
			IMP.	EXP.
0402.10.01	Milk in powder or tablets.	Kg.	63	Ex.
0402.21.01	Milk in powder or tablets.	Kg.	63	Ex.
1001.90.01	Wheat (<i>Triticum aestivum</i>), when imports are made during the period between March and September.	Kg.	Ex.	Ex.
1005.90.03	Yellow corn	Kg.	Ex.	Ex.
1005.90.04	White corn	Kg.	Ex.	Ex.
1005.90.99	Other	Kg.	Ex.	Ex.
1006.10.01	Rice in the husk (paddy or rough).	Kg.	Ex.	Ex.
1006.20.01	Husked (brown) rice.	Kg.	Ex.	Ex.
1006.30.01	Describe as long grain (relation 3:1 or greater than, between long and width of grain)	Kg.	Ex.	Ex.
1006.30.99	Other	Kg.	Ex.	Ex.
1007.00.02	Grain sorghum, when imports are made during the period between May 16 and December 15.	Kg.	Ex.	Ex.
2304.00.01	Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of soybean oil.	Kg.	Ex.	Ex.

Furthermore, the announcement establishes that SE will continue to monitor imports with the purpose of evaluating their impact on the domestic economy and, jointly with the appropriate institutions, revise measures as necessary to cope with the economic situation.

Background: Per the June 18, 2007 announcement, the previous tariff rates for H.T.S. 0402.10.01 & 0402.21.01 was 125.12 percent, while for 1001.90.01 it was 67 percent. For yellow, white and other corn; H.T.S. 1005.90.03 & 1005.90.04 & 1005.90.99 respectively, tariff rates were 194 percent. Paddy rice (1006.10.01) has now been lowered from 9 percent, while husked, long grain and other rice (1006.20.01; 1006.30.01 & 1006.30.99) from 20 percent. Grain sorghum and oilcakes were both previously applied a 15 percent tariff rate.

Important Dates

Publication Date: May 27, 2008.
Effective Date: May 28, 2008

We are available at:

<u>http://www.fas-la.com/mexico</u> or visit our headquarters' home page at http://www.fas.usda.gov for a complete selection of FAS' worldwide agricultural reporting.

FAS/MEXICO EMAIL

To reach us at FAS/Mexico:

AgMexico@usda.gov, ATOMexico@usda.gov, or ATOMonterrey@usda.gov